Circular No.: NSDL/POLICY/2019/0064 September 30, 2019

Subject: Implementation of features in DPM System for handling of Clients Securities by TM/CM

Attention of Participants is invited to NSDL Circular No. NSDL/POLICY/2019/0058 dated August 28, 2019 regarding implementation of guidelines in respect of SEBI circular of Handling of Clients Securities by TM/CM. Participants were informed in aforesaid circular about the addition of new sub types viz. "Client Margin Trading Securities account" and "Client Collateral Account" in Client Maintenance module of DPM system for facilitating opening of new demat accounts. Participants were also informed about procedure for opening of Client Unpaid Securities Account (CUSA) in Client Maintenance module of DPM system under Clearing Member category (Client Sub-type not applicable). The aforesaid features have been implemented in the DPM system at the EOD of **August 30, 2019** (DPM version 7.02)**.**

Further, the following enhancements have been implemented in the DPM system to facilitate Participants regarding implementation of guidelines in respect of handling of Clients Securities by TM/CM:

1. Enhancement in Power of Attorney (PoA) module (**DPM version 7.021**)

To facilitate execution of transactions from client beneficiary account to "**Client Collateral Account**" and "**Client Margin Trading Securities account**" through POA given by the client wherein POA is assigned to Stock Broker, the POA module has been enhanced to map the demat accounts of Stock Broker opened under Client Types viz., "Resident/Body Corporate" and Sub-types viz., "Client Collateral Account " and "Client Margin Trading Securities account" under target account type viz., 'CM-Client/Collateral Account' of POA holder / Corporate POA.

2. Incorporation of validations for Pledge and transfer of securities from Client collateral account, Client margin trading securities account and Client unpaid securities account to Banks/NBFCs:

At point no. 4 of Annexure 2 of aforesaid NSDL circular dated August 28, 2019, it has been mentioned that the system validations will be implemented to **disallow** the Pledge and Account Transfer (within NSDL) instruction pertaining to below mentioned demat accounts:

Source / Pledgor demat accounts	Target / Pledgee demat accounts
Client Collateral Account	Bank / NBFC
Client Margin Trading Securities Account	
Client Unpaid Securities Account (CM Pool)	

In this regard, Participants are informed that following features shall be implemented in DPM system with effect from **October 1, 2019** :

a. The pledge related functionality will not be available in respect of aforesaid Source / Pledgor demat accounts opened under given Types/Sub-types.
b. The account transfers are restricted from demat accounts opened under Client Types viz., "Resident/Body Corporate" and Sub-types viz., "Client Collateral Account", "Client Margin Trading Securities account" and Client Unpaid Securities Account (CUSA) to demat accounts opened under Client Types viz., Bank & Body Corporate-NBFC.

Participants are requested to take note of the same and inform their clients accordingly.

For and on behalf of
National Securities Depository Limited

Chirag Shah
Senior Manager

FORTHCOMING COMPLIANCE			
Particulars	**Deadline**	**Manner of sending**	**Reference**
Investor Grievance Report (Monthly)	By 10th of the following month.	Through e-PASS	Circular No. NSDL/POLICY/2015/0096 dated October 29, 2015
Networth Certificate and Audited Financial Statements.	September 30th every year.	By hard copy to Participant Interface Department.	Circular No. NSDL/PI/98/414 dated September 1, 1998.

Digitally signed by
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